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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/292,887	04/16/1999	WARREN S. WILCOX	286052-002	4136

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EXAMINER

CHAMPAGNE, DONALD

ART UNIT

PAPER NUMBER

3622

DATE MAILED: 03/19/2003

16

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/292,887	WILCOX ET AL.
	Examiner	Art Unit
	Donald L. Champagne	3622

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 03 February 2003.
- 2a) This action is **FINAL**. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-22 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on 02 April 1999 is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) The translation of the foreign language provisional application has been received.
- 15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- | | |
|--|--|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____ . |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Response to Arguments

1. Applicant's arguments filed with an amendment on 3 February 2003 have been fully considered but they are not persuasive. The arguments are discussed at para. 12-14 and 21 below.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it; in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

3. Claims 21 and 22 are rejected under 35 U.S.C. 112, first paragraph, as containing subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Respectively at lines 5-6 and at line 2, "pre-existing" is new matter.

Claim Rejections - 35 USC § 102 and 35 USC § 103

4. The following is a quotation of the appropriate paragraphs of 35 USC 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

5. The following is a quotation of 35 USC 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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6. Claims 1 and 5 are rejected under 35 USC 102(b) as being anticipated by, or, in the alternative, as obvious over Wells Fargo (Dialog file 16, document number 02812176).
7. Wells Fargo teaches a credit card incentive system wherein a credit card issuer (Wells Fargo) provides a reduced mortgage interest rate to the credit card holder as a reward for the holder's use of the credit card, which reads on makes a payment on behalf of the credit card holder to a lending institution to be applied against the outstanding principal on a note for a loan made to the credit card holder, which note is held by the lending institution.
8. Wells Fargo does not teach that the credit card issuer and lending institution are not the same financial institution. This ownership limitation is nonfunctional descriptive material, and was accordingly not given patentable weight.
9. Ownership limitations - A difference in ownership of financial institutions is not a practical application within the technological arts. Hence "wherein the credit card issuer and lending institution are not the same financial institution" is not statutory matter (MPEP 2106.IV.B.2(b) at p. 2100-15 revised August 2001). Also, this limitation constitutes descriptive material that does not describe a functional interrelationship (MPEP 2106.IV.B.1(b) at pp. 2100-13 and 2100-14 revised August 2001).
10. Ownership of the institution(s) can be subdivided and distributed without affecting any functional relationships within or between the institution(s). Whether the issuer and lender are the same or different institutions has no bearing on the functional or technological properties of the invention. "A" can issue credit cards and "B" can make loans whether the two entities are divisions of the same corporation, independent corporations, or corporations associated by some degree of common ownership. In every case, the instant invention can be practiced without functional or technological differences.
11. Alternatively, because the sale of mortgages is common in the secondary market for the advantage of generating capital, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to sell the loan to a non-owned entity, which would read on a lending institution not the same as the card issuer.
12. Applicant argues (p. 4, bottom para.) that "the credit card issuer and the financial institution are not the same financial institution" logically necessitates a physical and legal separation of the two business entities, and that this is a structural limitation, indeed as structural as

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nuts and bolts. The fact that the two financial institutions or businesses could be bought or sold or re-formed into another business entity is of no moment. Nuts and bolts can be melted and re-formed into a metal plate, yet the nuts and bolts are certainly structural elements. Similarly, if a credit card issuer and a financial institution are or become the same financial institution, at that point the claims do not read on a credit card incentive system or such a configuration.

13. The argument as to *structure* is not pertinent to the rejection. The rejection is based in part on the judgment that the ownership limitation does not exhibit any *functional* interrelationship with the way in which the invention is performed or constituted (para. 9 above). That is, the invention is unaffected by the ownership limitation. (Applicant states at the top of p. 5 that the limitation at issue has a functional interrelationship with the way in which computing processes are performed, but gives no evidence.) That is the essential test for non-statutory descriptive material (MPEP 2106.IV.B.1(b) at pp. 2100-13 and 2100-14 revised August 2001).

14. Applicant argues (p. 5, top para.) that the invention claims rebates for the payment of principal, while the reference teaches "lower interest rates". This is an argument that was addressed at para. 5 of the Paper No. 9 Office action filed on 28 January 2002, which is repeated here verbatim:

"5. Applicant argued (pp. 2 and 3) that the reference teaches a reduced mortgage interest rate, not making a payment to be applied against the outstanding principal. But a reduced interest rate does result in a payment applied against the outstanding principal. Mortgage payments both reduce outstanding principal as well as pay the interest due. The reduction in principal is always greater with a lower interest rate. This increased reduction in principal constitutes a payment applied against the outstanding principal. Consider a \$100,000 mortgage at 10%, and at a reduced rate of 9%, over 30 years. The monthly payments are respectively \$833.33 and \$750.00. The first payment for the 10% note pays down the principal by \$44.24. (That is the total payment minus \$833.33 interest due.) However, the 9% note pays down the principal by \$54.62, \$10.38 more than the 10% note. This \$10.38 is the payment on behalf of the credit card holder to a lending institution to be applied against the outstanding principal on a note for a loan made to the credit card holder."

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15. Claims 12 and 16 are rejected under 35 USC 102(b) as being anticipated by, or, in the alternative, as obvious over Wells Fargo. Wells Fargo teaches a home mortgage loan, which reads on an installment loan. The reference also teaches awarding a lower interest rate, which reads on periodically calculating a loan benefit amount and paying this amount to the lending institution.
16. Wells Fargo does not teach establishing a credit card account; issuing a credit card; and periodically calculating the value of all purchases made and interest charged. However, since Wells Fargo teaches the method claimed, under the principles of inherency (MPEP § 2112.02) the invention is considered to be anticipated in this regard by Wells Fargo. As evidence tending to show inherency, it is noted that the customer could not very well accrue charges without having been issued a card, and could not be expected to pay charges and interest accrued until it was calculated.
17. Claims 2-4, 6, 11, 13, 21 and 22 are rejected under 35 USC 103(a) as being unpatentable over Wells Fargo.
18. Wells Fargo does not teach (claims 2-4) payment made by wire transfer, or by check, or by either depending on the amount of payment, with checks reserved for larger payments. The reference also does not teach annual payments (claims 11 and 13). Official Notice is taken (MPEP § 2144.03) that these limitations were well known at the time of the invention. It would therefore have been obvious to one of ordinary skill in the art, at the time of the invention, to add these limitations to the teachings of Wells Fargo. For example, electronic transfers, which reads on wire transfers, are common, and mortgages can be written for any payment term, including once per year.
19. Wells Fargo does not teach (claim 6) that the size of the payment is determined by the value of goods and services purchased. Because this would encourage the use of the card, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to determine the size of the payment by the value of goods and services purchased.
20. Wells Fargo does not teach (claims 21 and 22) a pre-existing loan. Because it would make no business sense to exclude current loan customers, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to apply the teaching of Wells Fargo to pre-existing loans.

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21. Applicant argues (p. 5 bottom para. and p. 6) that the reference teaches only new accounts, and that the instant invention is therefore novel because it is applicable to pre-existing loans. The (Wells Fargo) reference is mute on the subject, but examiner does agree that the article suggests that the Wells Fargo invention is applicable to new accounts, as taught by the Borowsky reference. However, as noted above, it would still be obvious to apply the teaching of Wells Fargo to pre-existing loans.

22. Claims 7 and 14 are rejected under 35 USC 103(a) as being unpatentable over Wells Fargo in view of Borowsky (Dialog file 15, document number 00729051). Wells Fargo does not teach that the size of the reduced mortgage interest payment comprises a straight percentage of the value of goods and services purchased by the credit card holder. Because Borowsky teaches that the Wells Fargo card program offers a straight 5% rebate on all purchases, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to determine the size of the reduced mortgage interest payment as a straight percentage of the value of goods and services purchased by the credit card holder.

23. Claim 10 is rejected under 35 USC 103(a) as being unpatentable over Wells Fargo in view of CardTrak (p. 2/3). Wells Fargo does not teach that the size of the reduced mortgage interest payment comprises an incremented percentage of the amount of interest charged to the credit card holder. CardTrak teaches a credit card with rebate comprising an incremented percentage of the amount of interest charged to the credit card holder. Because it would provide a means to profit from those card holders that tend to maintain and pay interest on card balances, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to combine the teachings of CardTrak with those of Wells Fargo, so as to determine the size of the reduced mortgage interest payment as an incremented percentage of the amount of interest charged to the credit card holder.

24. Claims 8, 9, 15 and 17-20 are rejected under 35 USC 103(a) as being unpatentable over Wells Fargo in view of Borowsky and CardTrak. None of the references teach determining the payment size as: an incremental percentage of credit card purchases (claims 8 and 15); a straight percentage of credit card interest charges (claim 9); or as combination of straight/incremented percentages of purchases/interest charges (claims 17-20). Because all of these payment formulas are variants of those taught by the

references, and because each could be expected to appeal to a different segment of credit card users, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to combine the teachings of the references, so as to produce the invention methods of determining the mortgage payment size. For example, using an incremental percentage of credit card purchases as the basis for the payment would be most profitable for those users with sufficient income and discipline to make extensive credit card use without defaulting. For those users also inclined to maintain and pay interest on substantial credit balances, this could profitably be combined with using an incremental percentage of the credit card interest charges as a basis for the payment.

Conclusion

25. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).
26. A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.
27. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Donald L Champagne whose telephone number is 703-308-3331. The examiner can normally be reached from 6:30 AM to 5 PM ET, Monday to Thursday. The examiner can also be contacted by e-mail at donald.champagne@uspto.gov, and *informal* fax communications may be sent directly to the examiner at 703-746-5536.
28. The examiner's supervisor, Eric Stamber, can be reached on 703-305-8469. The fax phone numbers for the organization where this application or proceeding is assigned are 703-872-9326 for regular official communications and 703-872-9327 for After Final official

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communications. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-306-5771.

29. AFTER FINAL PRACTICE – Consistent with MPEP § 706.07(f) and 713.09, prosecution generally ends with the final rejection. Examiner will grant an interview after final only when applicant presents compelling evidence that “disposal or clarification for appeal may be accomplished with only nominal further consideration” (MPEP § 713.09). The burden is on applicant to demonstrate this requirement, preferably in no more than 25 words.

Amendments are entered after final only when the amendments will clearly simplify issues, or put the case into condition for allowance, clearly and without additional search or more than nominal consideration. Applicant may have after final arguments considered and amendments entered by filing a CPA or RCE as appropriate.

30. ABANDONMENT – If examiner cannot by telephone verify applicant’s intent to continue prosecution, the application is subject to abandonment six months after mailing of the last Office action. The agent, attorney or applicant point of contact is responsible for assuring that the Office has their telephone number. Agents and attorneys may verify their registration information including telephone number at the Office’s web site, www.uspto.gov. At the top of the home page, click on Site Index. Then click on Agent & Attorney Roster in the alphabetic list, and search for your registration by your name or number.

Donald L. Champagne
Examiner
Art Unit 3622

17 March 2003

